

[June 15, 1966]

[P. 12669]

**PROVIDING EQUITABLE TAX
TREATMENT FOR FOREIGN IN-
VESTMENTS IN THE UNITED
STATES**

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 880) providing for the consideration of H.R. 13103, a bill to amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 880

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 13103) to amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The Chair recognizes the gentleman from Indiana [Mr. MADDEN] for 1 hour.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH] and pending that yield myself such time as I may require.

[Mr. MADDEN addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use. As stated by the distinguished gentleman from Indiana, House Resolution 880 provides a 3-hour rule for the consideration of H.R. 13103, the Foreign Investors Tax

Act of 1966. It is a closed rule and points of order are waived.

In addition to what the gentleman from Indiana stated, you will find that the committee has listed 23 principal changes in the law and these are summarized in the report on pages 2 through 5.

A key to several changes in the bill is whether income is to be subjected to a flat 30-percent rate or taxed substantially the same as income earned here by a U.S. citizen or domestic corporation. The decision turns on whether or not the income is effectively connected with a U.S. business. If so, it is treated about the same as income from a domestic business. If not, it is subjected to the flat 30-percent rate of taxation, or the lower treaty rate in some cases.

I know of no objection to the rule and have no requests for time.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

[P. 12679]

**FOREIGN INVESTORS TAX ACT OF
1966**

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 13103) to amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 13103, with Mr. MADDEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from Arkansas [Mr. MILLS] will be recognized for 1½ hours and the gentleman from Wisconsin [Mr. BYRNES] will be recognized for 1½ hours.

The Chair recognizes the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, I yield myself 10 minutes.

(Mr. MILLS asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Chairman, the bill H.R. 13103, in my opinion represents a major revision of the U.S. tax laws with reference to the treatment of nonresident